ABSTRACT

A trading system for the trading of fixed-value contracts employs a novel form of contract that has a fixed face value and two sides that respectively represent mutually exclusive outcomes. Traders submit bids specifying a selected "side" of the contract, a price, and a contract quantity specification, for matching with complementary bids submitted for the opposing "side" of the contract, thereupon occasioning "filled" trades. Upon the termination of the contract in accordance with pre-established criteria, resulting in the determination of a prevailing side of the contract, holders of filled contracts whose bid specified the prevailing "side" of the contract receive the face value of the contract. The trading system of the invention is preferably implemented in computerized embodiments that enable traders to submit bids to a host computer over a network, and said host computer provides traders with access to all pertinent trading information in real time, automatically matches complementary bids, and enables the immediate clearing and settlement of all filled trades from deposit accounts established by traders using the system.